



## Chartered Certified Accountants

### ENGAGEMENT COMPANY NON AUDIT SERVICES

This memorandum explains our understanding of the matters for which you would like us to act on behalf of the company and your and our respective responsibilities.

We are bound by our professional Association's Code of Ethics, including its statement on Professional Conduct in Relation to Taxation, and accept instructions to act for you on the basis that we will act in accordance with that Code.

### ACCOUNTING - RESPECTIVE RESPONSIBILITIES

As directors of the company, you are responsible for the maintenance of adequate accounting records which set out with reasonable accuracy, at any time, the company's financial position and ensuring the preparation of financial statements which give a true and fair view and comply with the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). As directors, you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company.

You are also responsible for determining whether, in respect of the accounting year, the company meets the conditions for exemption from an audit, as set out in section 477, 479A or 480 of the Companies Act 2006 and for deciding whether the exemption can be claimed that year.

You have instructed us to prepare abridged accounts under The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 as amended by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.

In preparing the financial statements, you are required to:

1. Select suitable accounting policies and then apply them consistently;
2. Make judgements and estimates that are reasonable and prudent; and
3. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

You are also responsible for such internal control as you determine necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error. You are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

You have undertaken to make available to us, as and when required, all the company's accounting



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records and related financial information, including minutes of directors' and members' meetings, which we consider necessary for the purpose of performing this engagement.

We shall plan our work on the basis that an audit is not required for the year unless you inform us to the contrary. Should you instruct us to carry out an audit then a new letter of engagement will be needed. If you receive a notice from shareholders requiring an audit, then you should notify us immediately.

As our work does not involve an audit in accordance with International Standards on Auditing (UK and Ireland) or any other type of assurance engagement, we will not express any opinion and no type of assurance will be implied or expressed. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with the Companies Act 2006.

It is understood that the company's staff will deal with all routine items concerning day to day operations and the recording of all transactions in the company's records; in particular, they will:

1. Maintain the accounting records of cash and bank receipts and payments, reconcile the balances with bank statements and agree all cash floats and balances in hand at regular intervals;
2. Maintain the purchases and sales records;
3. Take physical inventory of stock and work in progress at the end of the year, price and extend the values and summarise the totals, making proper allowance for any obsolete or unsaleable items;
4. Prepare lists of debtor and creditor balances at the end of the year; and
5. Maintain the company's statutory records.

In performing our work, we will make enquiries of management and undertake any procedures which we judge appropriate but we are under no obligation to perform procedures which may be required for assurance engagements such as audits or any other type of assurance engagement.

We have a professional duty to compile financial statements that conform with generally accepted accounting principles from the accounting records and information and explanations given to us. The accounting policies used in the compilation of the financial statements will be disclosed in the notes to the financial statements. We will not compile financial statements if the accounting principles or the accounting policies selected by management are inappropriate.



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The engagement cannot be relied on to disclose errors, fraud, weaknesses in internal controls, or other irregularities.

We may request you to provide us with written management representations prior to the completion of the engagement and the issuing of the compilation report. The compilation report will be worded in accordance with the recommendations of our professional Institute.

### **TAXATION**

We shall prepare for each accounting period a corporation tax computation and supporting schedules required for the preparation of the company's corporation tax return (CT 600) from the company's financial statements and from information and explanations provided to us.

After obtaining your approval of and signature to the CT 600, we shall submit it electronically to HM Revenue & Customs (HMRC) in the required iXBRL format.

We shall advise you of how much corporation tax the company has to pay and by when. Failure to file CT 600s and to pay corporation tax by the due dates can lead to penalties and interest becoming due. If appropriate, we shall initiate repayment claims.

You will deal with all other routine matters, in particular:

1. All matters relating to VAT.
2. PAYE deductions from salaries and wages, monthly payments and periodical returns to HMRC, forms to be issued to employees, auto-enrolment, etc.

We shall, of course, be pleased to advise or assist in regard to any problems concerning the company's taxation or VAT position, which may arise from time to time.

To avoid problems please send us any forms or correspondence received from HMRC. To enable us to carry out our work we understand you will make a full disclosure to us of all sources of income and capital transactions and we will rely on this information being complete and correct.

### **CHANGES IN THE LAW**

We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or your circumstances.

We will accept no liability for losses arising from changes in the law or the interpretation thereof that are first published after the date on which the advice is given



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### COMPANY SECRETARIAL

A private company is required to file financial statements at Companies House within 9 months of the year end and is liable to a fine if it fails to do so. We have agreed to act as your agent and:

- a) submit the financial statements to the Registrar of Companies;
- b) assist in the completion and submission of the Company's annual confirmation statement;  
and
- c) assist in the completion and submission of other forms required by law to be filed at Companies House provided you keep us informed of any relevant changes or events which are relevant.

### OTHER

A schedule of our Standard Terms of Business is available on our website.

July 2017